

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7743

BILL NUMBER: SB 482

DATE PREPARED: Jan 12, 1999

BILL AMENDED:

SUBJECT: Audit costs for regional water and sewer districts.

FISCAL ANALYST: Susan Preble

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires each regional water or regional sewer district with less than 500 customers to be charged \$30 per day for each field examiner, private examiner, expert, or employee of the State Board of Accounts who audits the district. (Under current law, a regional water or regional sewer district is charged the actual cost of the examination.)

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: This bill will decrease State General Fund revenue. Under current law, the state recovers the full cost of the salary and expenses of the examiner by charging entities the actual cost of the audit which includes the daily rate of the examiner conducting the audit (which is based on the examiner's salary), mileage costs and a \$5 fee to cover the cost of typing the report. This bill requires the state to charge \$30 per day per examiner.

There are a total of 59 regional water and sewer districts, 29 of which serve fewer than 500 customers. These entities are audited once every two years. Currently, an audit of a regional water and sewer district which serves fewer than 500 customers takes one examiner an average of 10-15 days, at an average cost of \$2,850-\$4,275.

This proposal requires the State Board of Accounts to charge a regional water and sewer district \$30 a day for each individual who audits the district. This change will allow the state to charge only \$300-450 per audit per examiner for an audit conducted in 10-15 days. The biennial revenue loss to the General Fund will be \$2,550-\$3,825 per audit, or \$73,950-\$110,925 every two years if all 29 regional and sewer districts serving fewer than 500 customers are audited.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Board of Accounts

Local Agencies Affected:

Information Sources: Charlie Pride, Supervisor, Cities/Towns, State Board of Accounts, (317) 232-2521;
Michael Fiwek, Deputy Examiner, State Board of Accounts, (317) 232-2514.